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On the Reactionary "Jen Doctrine" of Confucius

by

the Mass Criticism Group of the Ch'üfu
Normal College

(Li-shih Yen-chiu /Historical Research/, No. 4, August 20, 1976)

Jen /仁 humanism, benevolence/ is the gist of Confucian thought. The doctrine of jen is a doctrine of restoration; it embodies in a concentrated manner the reactionary essence of Confucian thought. What the reactionaries in history praised and emulated in Confucius was mainly his jen. Liu Shao-ch'i, Lin Piao, Teng Hsiao-p'ing and other power-holders in the Party who followed the capitalist road also used to wave the tattered banner of jen in their attack on the proletariat. Hence, it is quite necessary to dissect and analyze the doctrine of jen and expose its reactionary essence in continuing the criticism of Confucius and in deepening the criticism of Teng Hsiao-p'ing's counter-revolutionary revisionist line.

Where did the idea of jen come from?

Confucius said it came from Heaven ("Heaven has endowed me with virtue"). He also said that he could have it as soon as thought of it ("I desire jen, and there it is"). That is of course humbuggery. As a matter of fact, "jen" was an ideological reflection of the economy and politics of the slave society, a product of class struggle. The "doctrine of jen" was not created by Confucius without precedent. He copied it and made it up from the reactionary ideas of the slave-owning class in accordance with the need of maintaining and restoring the slave system. He once said: "Ancient records also stated that self-restraint and return to propriety is jen." This was a self-confession relatively in line with reality.

The character jen is formed of "jen" /person/ and "erh" /two/. It is a concept that reflects the relationship between one person and another. In a class society this relationship is expressed as a class relationship, and it is class contradiction and class struggle that makes the relationship between man and man an outstanding social issue. The idea of jen already came into being with the formation of class relations and occurrence of class struggle in the early stages of slave society, and later it became increasingly important with the development of class struggle. It may be seen from written records concerning "jen" in the Book of History and Book of Poetry that even before Confucius was born, the slave-owning class already considered "jen" a virtue (Book of Poetry: Folksong of Cheng, Gleaning in the Fields--"Believably beautiful and benevolent"), and often linked it to such ideas as following the example of one's ancestors and being on good terms with one's clansmen. (Book of History: Chin T'eng--"I am as benevolent as my ancestors") But when compared with "virtue," "propriety," and "filial piety," "jen" did not occupy an important position in those days,

nor was its meaning quite definite. It was not until the decline of the slave system, and in particular after the middle of the Spring and Autumn period, that "jen" was held up by the slave-owning class as an important political principle and highly colored as a means of maintaining the slave system. At that time some people tried to give "jen" definite meaning and scope, and at the same time energetically extolled it. For example, in "Tso Chuan: 33rd Year of Duke Hsi," Chi Chiu said to Duke Wen of Tsin: "Your humble servant has heard that the standard of jen is to conduct oneself as a visitor when traveling and perform one's duties in the same way as one performs a religious ceremony." Again in "Tso Chuan: 11th Year of Duke Hsiang," Wei Chiang of the state of Tsin said: "Treat people with righteousness, act according to propriety, keep pledges with faith, and practice jen." That is not all. At that time some people also tried to generalize by induction the meaning of jen and elevate it above all other traditional principles. In "Tso Chuan: the 7th Year of Duke Hsiang," Han Mu Tzu of the state of Tsin combined the three principles of "To be kind to the people is virtue," "to adjust the straight in the proper position is rectitude," and "to straighten the crooked is honesty" and called that "jen." This is the so-called "combination of the three is jen." This shows that during the decline of the slave society, the slave-owner nobles, apart from continuing to trumpet loyalty, filial piety, good faith, righteousness and other traditional ideas, especially put forward "jen" as an important political principle for dealing with people and the world in general, and regarded it as a spiritual weapon for bolstering the morale of slave-owner nobles ("practice jen").

It was by no means accidental that "jen" was emphasized after the mid-Spring and Autumn period. At that time the slave system already sank into a general crisis. Hit and pushed by the struggle of slaves for liberation, the system of 9-square fields (the Chungt'ien system), which formed the economic basis of the slave system, began to disintegrate. The superstructure of the slave system was toppling, while feudal production relations were rising vigorously. The struggle of the newly emerging landlord class for power was increasing in intensity, and ideas of rule by law and opposition to Heavenly decrees, which the newly emerging landlord class espoused, were also ascending. Drastic changes took place in class relations. With "deteriorating propriety and dying music" and "formation of the root of disorder," the slave-owning class naturally had to do everything possible to keep its "paradise" which was being lost and to maintain its dictatorship and interests of exploitation. But what did the slave owners do to turn the tide? While enfeebled politically, economically and militarily, they were still relatively firm in the ideological realm. Hence they manufactured public opinion for restoration with a decaying ideology. But, as some antiquated ideological weapons of the slave-owners were already useless, they tried by all means to create a newer ideological system with complex content. Hence "jen" was given emphasis.

By the last years of the Spring and Autumn era, the slave system already began to fall apart. To save it from doom, to give a coat of holy paint to the slave-owners' reactionary activity of restoration and regression, and to unify its will and actions, the slave-owning class needed a born "sage"

who could speak for Heaven. In particular, it needed an ideological weapon which was better adapted to its reactionary political needs. To meet this reactionary need, Confucius and his "doctrine of jen" came into being. Confucius gathered together all teachings about "jen" that had existed before him and formed a system of "jen" that had "return to propriety" as the key link, loyalty and forbearance as the "means," and filial piety and brotherly love as the "foundation." Through holding classes and teaching disciples, he disseminated his ideas and widely manufactured reactionary public opinion. Mencius extolled Confucius as "the one who collected in himself the great achievements of his predecessors," "a sage who rose to the needs of the times." This proved by negative example that Confucian thought was a hodgepodge of the reactionary ideas of slave-owners, that Confucius was the child of the slave-owning class in its period of decline, and that his thought was a product of the counter-revolutionary activities of the slave-owning class at this point of history.

What does the "doctrine of jen" imply?

As Confucius collected many of the reactionary ideas of the slave-owning class in the "jen" category, the content of "jen" was immense and complex. There are 511 chapters in the Analects, of which 58 refer to "jen" in 105 instances. Confucius himself gave more than 20 definitions of "jen," making up dozens of concepts such as "self-restraint and return to propriety," "filial piety," "brotherly love," "loyalty," "forbearance," "love for others," "hate," "wisdom," "courage," "desistence from worry," "avoidance of complaint," "moral strength," "perseverance," "simplicity," "reticence," "respect for others," "magnanimity," "good faith," "quickness in understanding," "kindness," etc. These things were abstruse, mystical and ambivalent, so much so that even his disciples were bewildered and often had to seek his advice. In later ages reactionaries often resorted to certain superficial terms about "jen" in defense of their own interests in accordance with the reactionary needs of their time and concealed the essence of "jen." But when we dissect "jen" with the method of class analysis, we can see its essence. Lenin, speaking of a mass of political forms and a variety of political doctrines, held that "this extreme diversity and immense variety can be understood -- especially in connection with the political, philosophical and other doctrines of bourgeois scholars and politicians - only by firmly holding, as to a guiding thread, to this division of society into classes, this change in the forms of class rule, and from this standpoint examining all social questions -- economic, political, spiritual, religious, etc." ("The State")

Class struggle in the final years of the Spring and Autumn period was focused on the question of whether to overthrow the slave system and replace it with the feudal system or to maintain and restore the slave system. To make clear what "jen" really means, it is necessary to observe it in the context of class struggle of that time, to see which class it served politically.

"Jen" is not only not a class-transcending moral concept, and it is also not merely a moral standard of the slave-owning class. It is first of all

a program and line for the restoration of the slave system. "Self-restraint and return to propriety is jen. As soon as there is self-restraint and return to propriety, the whole empire will return to jen." These words were the most straightforward and the most revealing of the essence of jen ever spoken by Confucius. They unified the thoughts, speeches and actions of the slave-owning class under the general demand of maintaining and restoring the slave system. It may be said that the most essential and definite meaning of "jen" is the maintenance and restoration of the slave system.

"Propriety" in "return to propriety" is the general nomenclature for all ruling institutions of the slave society of Western Chou. "Return to propriety" means the maintenance and restoration of slave rule of Western Chou. "Propriety" is the goal of "jen." Without this goal, "jen" would lose its program and have no meaning whatever. "Propriety" is also the basis and starting point of "jen." The so-called "stand on propriety" and "without learning propriety, one will have nothing to stand on" means that "propriety" is the basis of the expressed views and conduct of the slave owners. "Propriety" is also the criterion of "jen." All ideas of "jen," if removed from "propriety," would change into their opposite. For example, "Without the rules of propriety, respectfulness will be laborious bustle, carefulness will become timidity, boldness will become insubordination, and straightforwardness will become rudeness." ("Confucian Analects: T'ai Po") In the eyes of Confucius, in circumstances of "deteriorating propriety and dying music," there could be no "propriety" without "jen" (i.e., without restoration). Hence he said, "If a man has no jen, what can he do with propriety?" ("Confucian Analects: Pa I") In this sense, "jen" is even more important than propriety.

"Jen," besides providing the goal of "return to propriety," also designs a reactionary line from "self-restraint" to "the whole empire returning to jen." "Self-restraint" has many meanings. Restraint of one's own improper desires and suppressing of one's own improper words and actions is of course self-restraint, but putting the rites of Chou into practice to the best of one's ability is also self-restraint. Furthermore, "self-restraint" also demands "putting in practice the principle from self to others," that is, from oneself to another individual, to the family, to the state, even to the whole empire. With the world of the slave-owner class fast collapsing and its political, military and economic power almost totally lost, promotion of "jen" would have to depend on those die-hard slave owners. That was what Confucius meant when he said, "Jen depends on oneself and never on others" and "Jen is the burden which one sustains. Isn't it heavy?" ("Confucian Analects: T'ai Po") How was one to begin? One's stand must be as firm and solid as a mountain ("The jen like mountains"); one must strictly observe the rites of Chou and "must not see what is improper, listen to what is improper, say what is improper, and do what is improper." At the same time, "One who wants to succeed must let others succeed; one who wants to attain an object must let others attain theirs," and "one must not do to others what one does not want done to oneself." This was in order to enable the slave-owner class as a whole to attain jen, and only in this way would it be possible to restore the dictatorship of the slave-owner class ("The whole empire will return to jen"). Later the disciples of Confucius clearly

expressed this logic as "cultivation of the person, regulation of the family, government of the state, and bringing order to the whole country," thus making its essence still more explicit. It follows that "self-restraint" is not merely a method of personal cultivation, but a political line leading to the goal of returning to propriety.

A political line must have a theory as its basis and guide. Any attempt at restoration and regression in defiance of the current of history and contrary to the wishes of the people will inevitably provoke determined resistance from the revolutionary class. Violent and savage struggle between restoration and counter-restoration forms an historical feature after the victory of every great social revolution. To move backward and act perversely, all restorationists who have no truth and mass support must create false theories to deceive people and suppress struggles by the revolutionary class against them. Such theories are most often and primarily represented by the theory of human nature and the theory of the dying out of class struggle. In Chinese history, the root of these theories is Confucius' "doctrine of jen." Confucius' teachings of "love for all" and "loyalty and forbearance" constituted an important component of the "doctrine of jen," the ancient versions of the theory of human nature and the theory of the dying out of class struggle. Confucius said, "The man of jen loves others." But of course he did not advocate nor practice love for all men. He absolutely would not show "benevolence and love" to revolutionaries and the oppressed slaves. Those he loved were "virtuous men" ("Befriend those who are virtuous"), "men of jen" ("Promote those officials who are men of jen"), "gentlemen," and "men who have fallen into obscurity." Those he hated were "vain men" (those who opposed the rites of Chou), "artful speakers and men of ingratiating manners" (men who earned the people's praise by spreading revolutionary opinion), and "those who overthrew kingdoms and families with their sharp tongues" (men who propagated ideas of reform for the overthrow of the slave system). In short, he loved the slave-owners and hated revolutionaries. This "love" and this "hate" showed the strong slave-owner class character of "jen." However, ostensibly Confucius preached "love of mankind." Words like "love for all" and "giving handsomely to all people so as to benefit them," which were designed to deceive people, were always on his lips. He made much of his "love for all" ("Warring States: History of Chou) because he wanted to give the exploited cheap love on the lips of the exploiting class in exchange for their submission. This was downright the theory of human nature of the exploiting class. Chairman Mao profoundly exposed its hypocritical character, saying, "As for the so-called 'love of mankind,' there has never been such universal love ever since mankind was divided into classes. In the past all ruling classes liked to make much of it and so did many so-called sages and virtuous men. But none of them ever really put it into practice, because it could not be put in practice in a class society." ("Talks at Yenan Forum on Literature and Art")

"Loyalty and forbearance" and "love for all" were twins. Loyalty meant loyalty to the slave-owning ruling class. ("A minister serves his sovereign with loyalty") Related to this was "One who wants to succeed must let others succeed; one who wants to attain an object must let others

attain theirs." ("Deal with others loyally") The principal meaning of "forbearance" was "Do not do unto others what you do not want done unto you" and the idea of having no grievance. ("Have no grievance in the state or in the family" and "Do not retaliate against offenders") Tseng Ts'an, a leading disciple of Confucius, once summed up his master's philosophy with "loyalty and forbearance." ("The way of the Master is none other than loyalty and forbearance.") Confucius himself also regarded "forbearance" as a major principle to be observed throughout one's life. Combination of loyalty and forbearance constituted an important idea of "jen," and the object was to create an "ideal state" of the slave-owning class, in which the masters were kind and loving, the slaves were loyal, exploitation was a merit and it was justified to be exploited, there was no struggle, no grievance and hate, no greedy desire, all were at peace with one another, and there was perfection and harmony. ("When the love of superiority, boasting, resentments and covetousness are repressed, this may be deemed jen.") This "ideal state" conjured up by Confucius was a practical reactionary plot, the object of which was to make the exploited "desist from blaming Heaven and other men," and even from resisting or murmuring, but willingly let themselves be slaughtered by the exploiting classes. This, as Mr. Lu Hsün said, is "man-eating!" And as Mr. Lu Hsün said profoundly, such "loyalty and forbearance" were "created by cowardly bad men. Because they have done others harm and are afraid of retaliation, they deceive others by advocating forbearance and forgiveness." Suppression of the struggle by revolutionaries to enable counter-revolutionaries to indulge in their savagery and tyranny is an essential feature of the theory of dying out of class struggle. Confucius himself never ceased his counter-revolutionary struggle. He had two faces and two knives, complementing one another. "Harshness is tempered by clemency," which is the beauty of "jen." "Jen" is opiate for the revolutionary people, a butcher's knife in the hands of the reactionaries.

To concretely carry out the program and line of "jen" and make the theory of loyalty and forbearance concrete, followers of the "doctrine of jen" also provided a series of political principles and moral criteria for dealing with relations between different classes. In circumstances of violent class struggle in the final years of the Spring and Autumn era, class relations underwent drastic changes and differentiation. Some slave-owners became landlords, some went bankrupt and "retired into oblivion." Groups of slaves rose and revolted, and one after another freed themselves from bondage. Changes in class relations reflected a change in the character of society. To preserve the slave system of "order between the noble and the lowly," the slave-owning class had to regulate and order its relations with other classes, with a view to obviating the disputes within the slave-owning class itself, suppressing the newly emerging forces, and preventing slave revolts. Many of the principles of "jen" were formulated in accordance with this pressing task. For example, such principles as "dutifulness to one's elders," "filial piety," "brotherly love," "respectfulness," "magnanimity," "good faith," "diligence," "kindness" were moral criteria of the slave-owning class designed to resolve its internal contradictions and at the same time to suppress resistance from the working people. Their application was not confined to the slave-owning class alone, but involved

relations between different classes. In particular, Confucius regarded "filial piety" and "brotherly love" as the "root of jen," because to the slave-owning class both principles served as a means of preserving the stability of the family of father right in the slave-owning class and thus maintaining the patriarchical, ranking, and hereditary systems. To the working people, however, they were shackles that bound them to the idea of kinship and prevented them from "rebelling against the higher authorities."

The moral criteria set by "jen" could not apply to both the slave-owners and slaves,but that does not mean that they had nothing to do with the latter. On the contrary, they functioned not only as a moderator of the internal contradictions of the slave-owning class, but also, and this is more important still, as a means of governing the slaves. Otherwise they would lose their raison d'etre. Confucius consistently maintained that the working people could not have "jen," but nonetheless, he always cooked up the illusion that slaves would be inspired by "jen" to willingly submit themselves to the rule of "those with jen." He said, "When those who are in high stations perform well all their duties to their elders, the people will thrive on jen;" "By paying careful attention to performing funeral rites and following it long afterward with ceremonies of sacrifice, the people will resume their excellent virtue," and "if a superior loves faith, the people will not dare not to be sincere. In this case people from all quarters will come to him, bearing their children on their backs." Obviously, the application of "jen" to slaves had no other objective than making them spiritual captives of "jen" and so facilitating their subjugation. However, Confucius constantly linked "jen" with "people" in a deliberate effort to mislead people into believing that "jen" was good to slave owners as well as slaves. As Engels said: "What is good for the ruling class should be good for the whole of the society with which the ruling class identifies itself. Therefore, the more civilization advances, the more it is compelled to cover the ills it necessarily creates with the cloak of love, to embellish them, or to deny their existence; in short to introduce conventional hypocrisy,.... that culminates in the declaration: The exploiting class exploits the oppressed class solely and exclusively in the interest of the exploited class itself; and if the latter fails to appreciate this, and even becomes rebellious, it thereby shows the basest ingratitude to its benefactors, the exploiters." ("The Origin of the Family, Private Property and the State") The moral criteria of "jen" have exactly the same effects, in that they are a means of ruling, suppressing, and deceiving the slaves, and this kind of rule is the basic objective of the morality of the slave-owning class.

To peddle the counterfeit of "jen" and arouse the reactionary fighting will of "upright men of jen," "jen" itself contains a whole set of counter-revolutionary tactics, principles of moral integrity, and methods of self-cultivation. Confucius imposed the following demands on "men of jen": Their words must be "modest," "cautious and slow," "careful," and "humble;" in short, words must not be blunt or excessive so as to avoid failure at deception or being caught making a mistake. Their action must be "prompt," "firm and resolute," and "unrelenting," which meant that in carrying out counter-revolution, they must act quickly and decisively in order to succeed.

Confucius also demanded that "upright men of jen" must have counter-revolutionary moral integrity, which meant that they must work as hard as possible, come what may. ("One who is in his eager pursuit forgets his food, in the joy of its attainment forgets his sorrows, and does not perceive that old age is coming.") They must work with courage ("men of jen must have courage"), must carry on even after fumbling ("in seasons of danger he carries on"), and carry on even at the risk of "being killed." Such a spirit, according to Confucius, is a noble quality born of human nature. But in fact we can see clearly that it is merely a diehard reactionary spirit of a moribund class.

To sum up, "jen" is an embodiment of the program, line and principles for preserving and restoring the slave system as well as counter-revolutionary moral integrity and tactics. Running through it is a black thread -- the basic reactionary idea of "returning to propriety." If Confucius' "doctrine of jen" had ever contributed anything to the slave-owning class, it was his filling out of "jen" by grasping restoration as the core, "loyalty and forbearance" as the way, and "filial piety and brotherly love" as the root, making "jen" a systematic doctrine out of a labyrinth of fragmentary ideas of "jen." The thought of "jen" in turn runs through Confucius' overall philosophy, as he said, "My way is a pervading unity." This shows that the way of restoration pervaded his whole ideological system, which was reactionary from head to toe.

The "doctrine of jen" is founded on Confucius' reactionary philosophical world outlook, i.e., the theory of Heavenly mandate, the Golden Mean, the restorationist and regressive conception of history, and the view that heroes made history, or the genius theory. The "doctrine of jen" may be said to be a subjective representation of "Heavenly will." "Heavenly-endowed virtues" were made concrete and became "jen." In this sense, "Heaven" and "jen" were united into one in the eyes of Confucius. Thus, "the Master seldom spoke of profitableness, and also the appointments of Heaven and jen." ("Confucian Analects: Tzu Han") His advocacy of loyalty and forbearance, precluding struggle and grievances, was a political expression of the philosophy of the Golden Mean. Confucius extolled past sages, virtuous men and men of "jen," but in a deliberately mystifying manner he was reluctant to bestow the epithet of "jen" lightly. This reflected his view of heroes-make-history that the development of history was determined by the "highest who are the wise." The way of restoration, which pervaded the "doctrine of jen," expressed in a concentrated form the world outlook of Confucius' idealism and metaphysics. Chairman Mao pointed out incisively: "Idealism and mechanical materialism, opportunism and adventurism, are all characterized by the breach between the subjective and the objective, by separation of knowledge from practice." ("On Practice") This too is an essential characteristic of the "doctrine of jen." The theory of the "doctrine of jen" is quite different from its practice. Though Confucius spoke eloquently about benevolence, righteousness, and morals, what he did every day was to prepare for restoration. Thus what he preached could not be put in practice. On the one hand, he said "jen" could be attained provided one strove for it ("Is anyone able for one day to apply his strength to jen? I have not seen a case in which his strength would be insufficient"), and praised the "superior man" who would not depart from jen for as short a time as it took to eat a meal ("The superior man does not, even for the space of a

single meal, act contrary to the principle of jen). In reality, however, no one could put the principle in practice. Confucius himself admitted that he had not seen anyone who loved the virtue of jen ("I have not seen a person who loved jen"). Even Yen Hui, his leading disciple, could only "not depart from jen for three months." Confucius himself did not do what he preached and his words and actions did not tally. He said, "Do not do unto others what you do not want done unto you," but he did to others what he did not want done to himself. He always spoke of "benevolent government" and "rule of virtue," but he killed wantonly the moment he had power. He urged others to "die for jen," but considered preservation of his own life a matter of prime importance. Examples like these are too numerous to cite here. The root of all these lies in his stubborn, reactionary stand and world outlook.

Sticking to his rigid reactionary stand, Confucius lavishly praised all threadbare and reactionary things and would have them preserved intact. He was hostile to all revolutionary, progressive newborn things, would have nothing to do with them, and would try to eradicate them by all means. Since he represented the moribund class, he naturally could turn only to the past, collect his material from antiquated ideas, and resort to the theory of Heavenly will, transcendentalism, and the theory of human nature. His reactionary stand was sharply antagonistic to the tide of historical progress. He had no truth and no popular support, and could thrive only on lies. It was this basic factor that determined the decadence and hypocrisy of Confucian thought and made his words and actions contradict each other and show up his faults and illogicalness. Yen Hui once extolled the thought of Confucius, saying, "When I looked up to it, it seemed to become ever higher; when I tried to penetrate it, it seemed to become ever firmer; when I looked at it before me, it suddenly seemed to be behind my back." These words serve as a lesson by negative example. "Higher" reflects the highest hope of the slave-owning class for restoration; "firmer" means obstinacy; being in front and then at the back shows inconstancy and self-contradictoriness. Extolled to the skies by reactionaries, the thought of Confucius is in fact a mess, a common feature of all thinkers of the declining reactionary classes.

After the passing of Confucius, reactionaries of subsequent generations were attracted to his doctrine of "jen" like flies to dirt, striving hard to extract from it the spiritual nutrient suited to the political needs of reactionary classes in different historical periods. With the development of the Confucian system of "jen," Confucius, firmly ensconced on the dung heap, rose even higher to become an inviolable god. But then the reactionary nature of his doctrine of "jen" also became more and more apparent.

As the "doctrine of jen" appeared from the very outset on the political stage as a restorationist theory, all restorationists in history were its fanatical trumpeters. During the Warring States period, Mencius, the No. 2 boss of the Confucian school, came out with the banner of "pleading for the people" and systematically trumpeted the theory of "benevolent government," launching all-out restorationist activities. In the final years of the Ch'in Dynasty, Chao Kao put Hu Hai on the throne in the name of "love

of jen, deep generosity" and "exhaustive observance of propriety and respect for scholars," started a counter-revolutionary coup d'etat at Shach'iu, and interrupted the Legalist line of Ch'in Shih Huang. During the Western Han, the specialist in restoration Wang Mang preached the doctrine of "jen" and extolled propriety everywhere and assumed the appearance of "tireless self-restraint." Amid the clamor and noise of "jen," righteousness, propriety, music, prophecies and supernatural omens, he ascended to the throne as Son of Heaven, and ordered the "restoratin of systems that had been extinct for a thousand years." Since then, all restorationist maniacs in China's history were men with "jen" constantly on their lips. Without this trick of deception, they would not have been able to survive for one single day. The Confucian "doctrine of jen" is a cannibalistic doctrine. When reactionaries of all descriptions eloquently preached "jen, righteousness, and moral virtue," "not only their lips still glistened with human fat, but their minds were also full of man-eating ideas." (Lu Hsün, "Diary of a Madman") Atrocities committed by past reactionaries against the revolutionary people continued to demonstrate this truth.

The "doctrine of jen" also is closely embraced by all revisionists and Party power-holders taking the capitalist road. This is because restorationism in "jen" is akin to the criminality of restoring capitalism by power-holders in the Party taking the capitalist road, and because derived directly from the "doctrine of jen" are the theory of human nature and the theory of dying out of class struggle, which forms the theoretical basis of the revisionist line. Thus the renegade, traitor and scab Liu Shao-ch'i gave all-out publicity to "jen," and advertised it as a "criterion of self-cultivation." The renegade and traitor Lin Piao went even further and raised "jen" to the height of "the greatest thing" and frantically pushed his counter-revolutionary scheme in the spirit of "sacrificing one's life to complete virtue." Teng Hsiao-p'ing, the arch unrepentant capitalist roader in the Party, has now taken over in an even more covert manner the reactionary ideological weapon of "jen," his theory of dying out of class struggle being the newest version of "jen" and his revisionist program of "taking the three directives as the key link" only a revisionist edition of "self-restraint and return to propriety." He may use different languages, but his ideological, theoretical and intrinsic connnections with the doctrines of Confucius and Mencius cannot be covered up. He assumed the Confucian style of "not minding offenses," saying, "How can class struggle be talked about everyday?" and "My memory is bad; I have forgotten everything," but at heart he gnashed his teeth and sharpened his sword, gleefully declaring the "home-coming contingent" "has come home again." He likewise inherited Confucius' counter-revolutionary moral integrity of "sacrificing one's life to complete virtue," declaring that he would "make revolution, holding high my bones." He rabidly reversed the verdict of the great cultural revolution and reckoned accounts with it, eager to smash at one blow the realm of proletarian dictatorship. Didn't the counter-revolutionaries, at his instigation, "raise brows and unsheathe swords" in the counter-revolutionary political incident at the Tienanmen Square, giving a most ferocious and murderous demonstration? This shows that, like all reactionaries in history, the bourgeoisie in the Party, while citing the sutra of "jen and righteousness," actually intend to devour

people! The revolutionary people, keeping firmly in mind Chairman Mao's teachings, will neither be deceived by nor tolerate this trick of theirs. "Our force is irresistible! Away with all pests!"

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Imperialist Economic Aggression As Seen from the British-American Tobacco Company

by

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The British-American Tobacco Company (BAT) is a product of the imperialist era.

The period from the last 30 years of the 19th century to the early 20th century was marked by imperialism's drift toward monopoly from free competition on the worldwide scale, the transition from capitalism to imperialism. In this period, industrial production in major capitalist countries made rapid advance toward concentration and this process brought about the appearance of huge monopolistic organizations, which gradually developed into transnational corporations. In 1902, the American Tobacco Company, which controlled the US tobacco market, and Britain's Imperial Tobacco Company, which dominated the European market, were involved in fierce competitions. In order to divide the overseas market and combine their investments, they formed another international trust, with its head office in London. This was the BAT, a product of transition from free to monopoly capitalism, its birthmarks stamped with the brand of greed and plunder.

When BAT made its inroads into China in 1902, it was initially only a small plant with about a hundred employees in Shanghai's P'utung district. Operating from this base and following decades of plunder, it had set up eleven modern and strategically located cigarette factories throughout China (including one in Hong Kong) on the eve of the anti-Japanese war, apart from remitting huge profits out of China every year. In addition to these, it operated six big tobacco curing plants, six printing shops, a packaging material plant and a machinery plant. Moreover, its tobacco-related operations included cigarette marketing, tobacco procurement, real estate, insurance, investment and film making organizations and plants. According to available data, on the eve of the anti-Japanese war BAT ran a total of 33 registered plants, marketing offices and other subsidiaries in China and Hong Kong. After decades of plunder, it set up in China a gigantic "tobacco empire" and monopolized our country's cigarette industry and sales market for as long as half a century.

What is particularly noteworthy is that this devil sucking the blood of the Chinese people was extolled by the Western bourgeoisie as an "angel" "promoting" China's socio-economic development. Former American Ambassador Leighton Stuart accredited to the Chiang Kai-shek clique in his capacity as a "China hand" identified the "noble" purpose of BAT's prolonged aggression against China as bringing "light" to the Chinese people. Its motto for its activities in China therefore was none other

than "giving her light."* The plunderer whose every pore was seeped with blood thus became the Chinese people's "emissary of light." This was indeed a gross distortion of history. However, Professor Allen (艾伦) of the University of London went even further. After the victory of the Chinese people's revolution, he carried out studies on a number of Western enterprises in China, including BAT, and came to the following conclusion: The operations of Western enterprises in China promoted China's "capital formation," "improved the life of the workers," "imparted science and technology" and thus made "outstanding contributions" to China's socio-economic development.** In trumpeting the "progressive role" of foreign capital such as the BAT in China, the Western bourgeoisie put before us a major question of principle which we must make clear, namely: Did imperialist economic aggression against colonies and semi-colonies bring "happiness" or misery to the people there? Did it play a "progressive" or reactionary role? On this question, fundamental differences have always existed between Marxists and colonialists. In scientifically elucidating the effects of imperialist aggression on Chinese society, Chairman Mao pointed out that the imperialist penetration presented "the blood-stained picture of feudal China being reduced to semi-feudal, semi-colonial and colonial China." ("The Chinese Revolution and the Chinese Communist Party") It was futile for the Western bourgeoisie to use idyllic, sweet words to cover up the "blood-stained picture" of imperialist aggression against China.

The history of more than 50 years of plunder by BAT in China tells us that in the imperialist era, a foreign monopoly capital group, backed by imperialist hegemonism, could, through collusion with the reactionary forces of semi-colonial, semi-feudal countries, use its monopolist privileges to penetrate every nook and corner of a society's political and economic structure and grab wealth in hundreds of millions. As a consequence, a poor country was thus plunged into deeper miseries. In this respect, BAT has indeed provided the revolutionary people with a rare model. This teacher by negative example must be seriously studied by us.

We shall try to dissect and analyze BAT's history in the following five aspects.

I. Carrying Out Expansion and Monopoly Through Unequal Treaties

When BAT invaded China, the decadent Ch'ing government was already forced by the big powers to sign a series of unequal treaties. This enabled BAT, the moment it set foot on Chinese soil, to obtain various economic and political privileges through these unequal treaties. Moreover, by such

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* John Leighton Stuart, Fifty Years in China, 1954 New York ed., p. 175.

** Allen, Western Enterprises in the Economic Development of the Far East -- China and Japan, 1954 London ed., pp. 249, 251.

means as misinterpreting the treaties or presenting a fait accompli, it managed to obtain privileges far beyond those prescribed in the treaties. Since the amount of tobacco tax had a direct bearing on the market competitiveness of the capitalists of cigarette manufacturing factories, BAT always tried in various possible ways to use the unequal treaties as a talisman in a bid to reduce or be exempted from the tobacco tax burden. The "Tientsin Treaty" of 1858 required foreign imports to pay only 7.5 percent of the declared value of the merchandise as customs duty and transit dues, and having done so they could be taken inland without paying any more inland levies (likin, etc.). Although this stipulation did not apply to BAT cigarettes which were produced in China, they paid no inland levies on the ground that "foreign merchandise is not subject to likin."* As regards local taxes, they were levied by the local authorities and were different from likin. These taxes were generally paid by both Chinese and foreign merchants. However, "the BAT's foreigners called at the tax bureau to demand the rescinding of the notice on payment of taxes and acted arrogantly to impair the Chinese political system."** On the other hand, Chinese cigarettes manufacturers were all required to pay taxes, in addition to "paying customs duties and likin" at points of transit. This occurred in the last years of the Ch'ing Dynasty. In the "Republican" period, BAT refused to pay any taxes as usual. In 1927, the Kuomintang government introduced consolidated taxes for cigarettes and these were levied and collected from individual cigarette factories. With protection provided by foreign concessions, BAT refused to pay taxes, and the tax burden entirely fell on the Chinese cigarette manufacturers. Consequently, on the one hand Chinese cigarette manufacturers, hard pressed by the heavy taxation, were forced to curtail production, with "the machines operating at one-tenth of capacity and only two to three hours daily." On the other hand, BAT enjoyed good sales because of non-payment of taxes, "working at full capacity day and night to meet the rising demand."+ BAT not only used the privileges of foreign concessions to resist taxation but also invoked the provisions of the unequal treaties in localities outside the concessions to resist the levies imposed by Chinese revenue authorities. It arbitrarily reasoned that "even if the Company commits any violation of law, it should be dealt with according to extraterritorial procedures. Extraterritoriality is vitally important and the revenue authorities cannot directly impose fines on the Company."++ According to statistics, tobacco

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* Letter from Sheng Hsüan-huai to Tsai Tse, the 8th day of the eleventh moon of the first year of Hsüant'ung (1909). Unpublished Manuscripts of Sheng Hsüan-huai's Correspondence, 1960, China Press, p. 198.

** Ibid.

\+ News Daily, Aug. 9, 1927.

++ Letter from BAT to the Diplomatic Representative in Kiangsu, Jan. 26, 1927. Extracts from BAT Files (herebelow BAT Files, for short), 24th (E), p. 20.

taxes paid by tobacco plants operating in China in the 1930's generally amounted to about 27 percent of the value of tobacco.* BAT's invocation of the unequal treaties as a means of refusing to meet tax obligations accounted for its overwhelming superiority over rival cigarette factories operated by national capital.

As the unequal treaties allowed the imperialists to station troops in China, BAT enjoyed the "privilege" of armed suppression against the Chinese people. In 1927, the workers of BAT's Shanghai plant joined forces in staging an anti-oppression, anti-hunger strike against foreign monopoly capitalists. Lasting 109 days, it forced BAT to suspend operations and curtail production. This fundamentally shook its monopolistic position. At this moment, the foreign capitalists put the "privilege" of using bayonets on the agenda. At BAT's request, British naval marines entered the P'utung cigarette plant to "protect the Company's plant premises" and suppress the workers.** In January 1928, at the crucial juncture of the strike, BAT requested the British military authorities in China to "protect the Company's property;" on the same day, it obtained an assurance from the latter: "protection will be provided immediately" once the situation warranted.*** Thus, BAT's expansion and monopoly were achieved under the cover of unequal treaties and with imperialist guns and bayonets as a shield.

In 1922, BAT director Ross (罗斯), on behalf of his Company, prepared a secret memorandum for the Tariff Conference, declaring that "all foreign industrialists operating in China are after the same equal opportunity accorded their Chinese competitors."+ What an "equal opportunity"! The same Ross three years later proposed to the British House of Commons "international supervision of China's principal sources of revenue -- customs tax, salt revenue, tobacco tax, liquor tax, and revenues from railways, in accordance with the precedent set by the customs house, and placing these revenues under the control of foreign supervisors."++ What is this

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* Historical Data of Nanyang Brothers Tobacco Company (herebelow, Nanyang Tobacco Historical Data, for short), 1960, Shanghai People's Publishing House, p. 382.

** North China Despatch, Oct. 5, 1927, p. 103.

*** Letter from BAT Director Hunt (坎特) to the British Consul General Baden (巴登), Jan. 19, 1928. Memorandum on the meeting between BAT and the British Consul General the same day. BAT Files, 34th (F), pp. 101, 118.

\+ Secret Memorandum from BAT on the Tariff Conference, 1922. BAT Files, 24th (B), p. 21.

++ Letter from Hua-shih-fo (华士佛) to Ross, Aug. 19, 1925. BAT Files, 26th (B), p. 265.

"precedent set by the customs house"? In the words of Hart, an imperialist element for many years in control of Chinese Customs, "the General Customs Commissioner has no need for partners, accepts no advice nor interference from outside. He must act in his own way and make all the decisions himself."* This is a summing-up of Hart's experience in controlling the Chinese Customs for several decades. In plain language, Chinese had no jurisdiction over the customs while imperialism was the real master of the Chinese Customs. Using this "precedent" to control China's overall revenues (including those from tobacco) was the "equal opportunity" BAT wanted to accord the Chinese people. As a matter of fact, in BAT's lexicon, there was no such word as "equality." "Where treaty rights are involved, they should not be shrunk or abandoned."** This was the gangster "principle" solemnly "declared" before the Chinese government. What "treaties"? Unequal treaties that infringed Chinese sovereignty. What "rights"? The "rights" to enslave the Chinese. As far as they were concerned, these should never be "shrunk" or "abandoned." The course of BAT's expansion and monopoly in China, it may be said, was in fact one of exercising and extending the privileges of unequal treaties on the part of international monopoly capital for the purpose of forcing China to accelerate its colonization process.

II. Colluding with Reactionary Governments for Preferences

Unequal treaties aside, BAT also concluded various "contracts" and "agreements" with the reactionary governments with a view to obtaining preferences. The "Prince Ch'un Contract" BAT signed with the Ch'ing government, the "Letter of Statement" with the government of the Northern Warlords, and the "Consolidated Tax Agreement"+ with the Kuomintang government enabled this international trust to enjoy far better preferences than those accorded the cigarette industry operated by national capital. This gradually consolidated and extended its monopolistic position. The "Letter of Statement" signed in 1921 by the government of the Northern Warlords with BAT clearly "exempted" BAT's cigarettes manufactured in China from all other taxes after paying minimal dues.++ Chinese manufacturers, however, had

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* Letter from Hart to Agron (阿格连), Sept. 14, 1911. Lett (莱特), Hart and Chinese Customs, 1950, Partst (白尔德·士特) ed., p. 852.

** "Letter of Statement" signed between BAT and the Northern Warlord Government, the 3rd day of the 8th moon of the 10th year of the Republic, Article 9. BAT Files, 24th (C), p. 43.

\+ BAT Files, 24th (B), p. 1; 24th (C), p. 84; 24th (E), pp. 108-157.

++ "Letter of Statement," Article 5.

no such privilege. No wonder the cigarette industry operated by national capital at the time called this "a gross blunder," "a plot to monopolize China's cigarette industry."*

In auctioning off national sovereignty, the government of the Northern Warlords fell far behind the Kuomintang. Beginning from January 1928, the Kuomintang government levied cigarette taxes according to their selling prices (that is, on the basis of quality), consisting of seven categories. To accommodate imperialist needs, the Chiang Kai-shek clique more than once adjusted the tax structure and the tax rate in the interest of BAT. From 1928 to 1932, the Kuomintang government in successive revisions changed the cigarette tax structure from seven to three categories, finally settling for only two categories. BAT was mainly concerned with the production of high-grade and some intermediate-grade cigarettes, while cigarette factories operated by national capital primarily produced low-grade cigarettes. As far as the tax burden was concerned, simplification of the tax structure thus benefited the higher and medium grade cigarettes to the disadvantage of lower-grade cigarettes. In the course of the change from the seven categories to two, the tax rate for low-grade cigarettes rose continuously, from 14.67 percent to 57.97 percent, with that for the higher-grade cigarettes continuing to drop, to only 27.6 percent of that for the lower-grade cigarettes when the two-category system was enforced.** After the Kuomintang government consolidated the taxable categories, a survey conducted by BAT in the Peiping-Tientsin area reported: "The new tax structure, in the opinion of the Chinese manufacturers, will hurt their business because most of their products are of the previously 7th (note: low-grade) category. As far as our Company is concerned, the new tax structure will prove to be most beneficial. Our most popular brand, Big Baby (大嬰孩), which previously had to pay 45 yuan per case (50,000 cigarettes) in tax, now pays 39 yuan."*** After the Kuomintang government "simplified" the tax structure, BAT received a continuing stream of similar reports from its marketing offices in various places -- indeed a stream of happy tidings.

Apart from openly accommodating imperialism, the Kuomintang government auctioned off more of its sovereignty through the conclusion of secret agreements. In 1935 it begged BAT for a loan of 10 million silver dollars

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* Telegram of the Shanghai General Chamber of Commerce opposing renewal of agreement on inland taxation between the Tobacco and Liquor Administration and foreign merchants, the 11th day of the 8th moon of the 13th year of the Republic.

** Ch'en Han-sheng (陈翰笙), Industrial Capital and Chinese Peasantry, 1938, New York, p. 40. Note: the book was a report of an investigation of 429 tobacco growers in 127 rural villages in the three provinces of Shantung, Honan and Anhwei in 1934-1935.

*** BAT's survey report (Tientsin-Peiping area), Mar. 28, 1931. BAT Files, 13th (G), p. 29.

or ₤750,000 under the following terms: First, the Finance Ministry would provide BAT as security cigarette tax stamps equivalent to the amount of the loan; and second, it would guarantee that the two-category tobacco tax structure and tax rate would not be changed for the duration of the loan.* The BAT's London Head Office agreed to extend the loan in sterling, but proposed harsher terms. Apart from stressing that both the tax structure and tax rate must not be changed, it stipulated that in the event the Kuomintang government failed to repay the loan, BAT had the right to use the tax stamps under its custody to pay for the loan plus interest and would not have to pay any more tobacco taxes, and that the total amount of the tobacco tax stamps used as collateral should include interest (at 8 percent per annum), in other words, the value of the stamps was not equivalent to ₤750,000 as principal, but to ₤815,000 including interest.** In 1935, the Kuomintang government was engaged in internal looting and external borrowing to carry out the so-called fifth "encirclement and suppression" campaign. In August of that year, the "Central Political Conference" of the Kuomintang passed a resolution requiring the "four provinces of Honan, Hupeh, Anhwei and Kiangsi to contribute initially 1.8 million yuan and then 15 million yuan toward the suppression of the red armies."+ It was after the adoption of this "resolution" that the Kuomintang government begged the BAT for a loan of 10 million yuan for its counter-revolutionary programs, at the price of an arrangement in the tax system that would benefit BAT, plus additional discounts. This was a criminal act perpetrated by the Chiang Kai-shek clique which further auctioned off national sovereignty through the conclusion of secret agreements by including the domestic tobacco tax in the "agreement."

After the victory of the anti-Japanese war, the Kuomintang bureaucratic capital further extended its collusion with foreign monopoly capital by according BAT more favorable terms on such major questions as dealing with the enemy's property, tobacco imports and foreign exchange allocations.++ All of this shows beyond dispute that the Kuomintang clique's "comprador-like big bourgeoisie is a class which directly serves the capitalists of imperialist countries and is supported by them." ("The Chinese Revolution and the Chinese Communist Party")

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* Letter from KMT Ministry of Finance to BAT, Oct. 25, 1935. BAT Files, 24th (I), p. 25.

** Letter from BAT of London to Dickson (迭克遜) of the Ichung (頤中) Tobacco Transportation and Marketing Company, Shanghai. BAT Files, 13th (P), p. 33.

\+ Oriental Magazine, Vol. 30, No. 18, p. 68.

++ Nanyang Tobacco Historical Data, pp. 608-611.

III. Establishing a Complete Comprador System from City to Countryside

In its prolonged aggressive activities in China, BAT considerably advanced the comprador system practiced by foreign trading enterprises in China, both in form and content as well as in the breadth and depth of its application.

In order to expand its operations and consolidate its monopolistic position, BAT found it necessary to become familiar with the activities of the reactionary Chinese government, gather inside information and establish communication channels. In this regard, they raised a special category of compradors for the express purpose of attending to this matter. Of this category, the most important one was the big comprador Shen K'un-shan. BAT's responsible official Ross once said: "The absolutely important thing to us is to have a person who is able to keep in touch with Chinese officialdom and understand what they are doing. Unless we can keep abreast with the shifting scenes developing in Chinese officialdom, I am afraid that when we wake up one morning things may have developed out of control."* It was this need that prompted BAT to employ Shen K'un-shan, "a scion of an illustrious family of mandarins who exerted extensive social influence." Having Shen's acceptance as comprador, Ross said with obvious satisfaction: "Through Shen K'un-shen, I am closer to the Chinese authorities than at any time in the past. If we can get Shen interested in our business and use him wisely, I believe not only his close ties with the officials but also his part in strengthening the company's Chinese organization will be our Company's most valuable asset."** Shen did play the role of "most valuable asset." For instance, prior to the Kuomintang government making an overture to BAT in 1935 for a 10 million yuan loan, Shen had knowledge of the Kuomintang government's loan plan, its terms and amount, and secretly informed BAT.*** After the victory of the anti-Japanese war, Shen returned to Shanghai with Kuomintang "takeover" officials to take care of "takeover" matters on behalf of BAT, a move which greatly benefited the tobacco firm. Therefore, when BAT's foreign taipans "woke up one morning" and walked out from the Japanese concentration camp, they found their "tobacco empire" was still in good shape, thanks to Shen's connection and "takeover."

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* Letter from Ross, Director of Shanghai BAT, to Ko-ssu-fou-te (戈斯浮德), Apr. 5, 1924. BAT Files, 4th (C), p. 27.

** Letter from Ross in Shanghai to Jeffries (杰弗拉斯) of BAT of London, May 26, 1924. BAT Files, 4th (C), p. 28.

*** Secret letter from Shen K'un-shan to Shanghai BAT, Oct. 24, 1935. BAT Files, 24th (I), p. 243.

As a foreign trading concern, BAT was subject to treaty restrictions and the laws and decrees of the Chinese government and was not allowed to operate in the hinterland or purchase property,* let alone accepting public office in government establishments. To overcome this hurdle, the British consul general proposed to BAT that it recruit Chinese to circumvent these treaty and legal restrictions by making use of their Chinese citizenship.** Through its compradors, BAT experimented on this proposal and achieved "significant results." Among this category of compradors, Wu T'ing-sheng was relatively prominent. In his early years Wu served as BAT's representative in Peking. Backed by foreign capital and donning the cloak of "Chinese citizenship," he became an adviser to the State Council of the Northern Warlord Government.+ Through BAT's efforts, he became president of the Shanghai Cigarette Manufacturers Association. In this capacity he was able to acquaint himself with the movements of the Chinese manufacturers and serve the BAT,++ becoming its capable "spy."

The establishment of comprador enterprises is a development based on taking advantage of the compradors' "Chinese citizenship," a colonial system designed not only to give play to the compradors' original functions but also to step up control over them. On the basis of using Wu T'ing-sheng, BAT provided the capital to set up the Hsüch'ang (许昌) Tobacco Company and the Hungan (宏安) Real Estate Company and through these concerns purchased tobacco and bought property in the interior. Using Shen K'un-shan, BAT set up the BAT Security Company Ltd. to control the purchase of the rights of BAT shares by Chinese.+++ On the basis of using Cheng Po-chao, BAT reorganized and set up the Yungt'aiho Tobacco Company Ltd. so it could step up its marketing operations. Such comprador establishments had two distinctive features: organized by Chinese, these enterprises obtained the legitimacy of Chinese ownership, thus averting the effects of the Chinese people's anti-imperialist, patriotic struggle

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* Foreign nationals were not allowed to set up trading firms, establish manufacturing plants and purchase property in the interior (areas outside treaty trading ports). Provisions to this effect were found in the Sino-Dutch Treaty of Tientsin of 1863 (3rd clause), the Sino-British Treaty of Yent'ai of 1876 (3rd section, article 4); the Sino-Japanese Treaty of Shimonoseki of 1895 (6th clause, article 3); and the Sino-Japanese Treaty of Commercial Shipping of 1896 (4th clause).

** Letter from British Consul General in Nanking to BAT, Jan. 25, 1818. BAT Files, 15th (B), p. 18.

\+ The Shanghai Federation of Industry and Commerce: Industrial and Commercial Historical Data, No. 388, under the heading of compradors, No. 122.

++ BAT Files, 24th (F), p. 346.

+++ In order to preserve its control, BAT never sold its shares to the public. Chinese could only purchase the shares of its subsidiary company -- "The BAT Security Company, Ltd."

while breaking through the restrictions of regulations and laws imposed on foreign enterprises. For example, the articles of association of Hungan Real Estate Company clearly stipulated that the firm "is aimed at securing property in areas outside Chinese treaty ports."* This was beyond the reach of BAT as a foreign enterprise. Second, the operations of these comprador enterprises were placed under strict control. For instance, in 1921, following the reorganization of Yungt'aiho Traders into the Yungt'aiho Tobacco Company with limited liabilities, 51 percent of the stock must be held by BAT's nine directors including Kó-sen-ssu (柯森斯).** In 1942, Yungt'aiho Company was named the general distributor for the "Red Capstan" brand of cigarettes. The first article of the contract stipulated that BAT "will assign a foreign supervisor to direct the marketing of 'Red Capstan'."*** The shares of Hungan Real Estate Company, though allotted to nine Chinese, had to be "entrusted" to BAT for safekeeping.+ The North China Dispatch, organ of foreign firms operating in Shanghai, praised these comprador enterprises as "an experiment of foreign enterprises in transferring part of their important business to Chinese establishments."++ BAT itself boasted that these comprador enterprises were "emerging undertakings of Chinese merchants." In obvious reference to the Chinese people's anti-imperialist, patriotic struggle, it said: "Whoever upsets the market or obstructs the marketing of cigarettes will only bring ruin to companies in China and the emerging undertakings of Chinese merchants."+++ As was known to all, the more such "emerging undertakings of Chinese merchants" were set up, the heavier the colonial chains tied round the necks of the Chinese people became. It was logical for the Chinese people to rise up and "ruin" them.

The setting up of a comprador marketing network was an important segment of BAT's comprador system. BAT's marketing organization was mainly divided into two parts. One was the Company's management machinery, divided into three divisions, that is, "departments" (four "departments" throughout the country), "districts" and "sectors." These organizations

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* BAT Files, 15th (C), p. 1.

** BAT Files, 5th (E), p. 200.

*** BAT Files, 13th (F), p. 28.

\+ BAT Files, 15th (C), p. 13.

++ North China Despatch, Mar. 17, 1926, p. 53.

+++ Brief Outline of BAT's Official Business in China (hereunder Brief Outline of Business, for short), (Chinese edition). 1925 Shanghai edition, p. 43.

were largely set up to supervise the distributors at every level, check competing brands of cigarettes and generally carry out BAT's marketing policies. The other part consisted of comprador dealers and tobacco warehouses. They were BAT's main force in opening up markets and wiping out "enemy brands." Dealers were also divided into three categories, such as "major dealers" in larger cities, counties and townships, "sub-dealers" in smaller counties, townships and villages, and retailers below sub-dealers. To assure supplies, "tobacco warehouses" for keeping stocks of cigarettes were set up in strategic points in larger counties and townships outside dealers. Dealers and tobacco warehouses were parallel organizations entrusted to Chinese on the conclusion of contracts, with the contractors providing reliable guarantees and large sums of money as deposit (according to records kept in books dated July 30, 1937, dealers paid to BAT deposits amounting to a total of 3,930,000 yuan*). The main incomes of dealers and tobacco warehouses were derived from commissions and rentals. A Chinese "sales supervisor" was installed at the "district" level of BAT's distribution chain, and though on the company staff, he received no salary but collected 1-2 percent commission on the basis of the sales volume netted in the whole "district." The "sales supervisor" was in fact a comprador playing the role of a bridge between dealers and the Company. Serving as dealers and tobacco warehouse managers generally were local gentry, big merchants, landlords and people with influence. For instance, Huang Hsien (黃賢 transliteration), the English secretary to Yen Hsi-shan, "local emperor" of Shansi Province, using a pseudonym, was BAT's dealer in Shansi for as long as 25 years.** Through these comprador-dealers, BAT established an all-pervasive distribution network from the coastal areas to the interior, from cities to remote villages, from South China provinces to North China regions, reaching as far as remote and sparsely populated mountainous and frontier districts. BAT rated its own distribution system very highly. It boasted gleefully: "We are the first foreign enterprise in China that has abolished the old comprador system and established a distribution and marketing system that deals directly with Chinese businessmen. This system has worked so successfully that many other foreign concerns have tried to copy it.... We have carefully selected our dealers, with each of them required to furnish bona fide and reliable guarantors. We insist on subjecting them to the most elaborate observation. As a result, the ratio of bad debts attributed to Chinese comprador dealers is smaller than that of our company's operations in any other part of the world."*** Of this category of dealers, Yungt'aiho of Shanghai, Chiuta of Nanking and Fuho of Hankow were BAT's capable compradors. Of these compradors, Cheng Po-chao (Yungt'aiho's manager) was by far the most

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* BAT Files, 33rd (E), p. 27.

** BAT Files, 4th (C), p. 52.

*** Letter from BAT to the British Consul General in Nanking, May 28, 1925. BAT Files, 13th (D), p. 11.

outstanding. Yungt'aiho was BAT's capable "detachment" in expanding its market. Apart from paying Cheng 2.5 percent as commission of the sales turnover (after taxes), BAT paid him an additional commission in foreign exchange, which was directly deposited in Cheng's account in a bank abroad.* As part of the rigid control imposed on dealers, BAT signed a distribution contract with each dealer, laying innumerable clauses protecting the Company's interests. Inthe case of violation of any of the clauses, BAT had the right to punish the offender, cancel his dealership and even send him to jail, forcing him to go bankrupt. In setting up a countrywide network of comprador-distributors in China, BAT at the same time created a huge number of comprador merchants, whose interests were completely identical with those of foreign capital. They became the capable accomplices of imperialist plunder against the Chinese people.

BAT also employed various means to draw the feudal forces of rural China onto the orbit of its comprador system. In the 1920's, BAT's London Head Office proposed to BAT in China the need to cultivate "friendship"** with the local forces, in view of the upsurge of the Chinese people's anti-imperialist movement and the possibility that treaty privileges could be terminated in the future. From 1914 to 1917, BAT began to grow the American variety of tobacco leaves in Weihsien of Shantung, Fengyang of Anhwei and Hsüch'ang of Honan through the intermediary of local landlords and gentry. As BAT's capable compradors, T'ien Chün-ch'uan of Shantung and Jen Po-nien of Honan were themselves big landlords and usurers. They had long colluded with BAT, and purchased land and tobacco leaves for BAT in their own names or in the name of their firms (Jen Po-nien's Yungan Tang, for instance).*** In penetrating the tenacious body of Chinese feudal society and drawing it into the semi-colonial and semi-feudal orbit, the foreign monopoly capital needed to have front-posts and intermediaries. Taking up this task was the feudal landlord class in close collaboration with BAT. It was only through these landlord and comprador classes that BAT could acquire property in the interior such as Hsüch'ang, Fengyang and Weihsien, force the peasants to grow American tobacco, set up large tobacco curing plants and obtain endless supplies of fine and cheap raw materials. The fact that BAT bent its effort at drawing China's feudal landlord class into the comprador orbit and colluding with them attests to Chairman Mao's scientific thesis: "In economically backward and semi-colonial China the landlord class and the comprador class are wholly appendages of the international bourgeoisie, depending upon imperialism for their survival and growth." ("Analysis of the Classes in Chinese Society")

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* BAT Files, 13th (F), p. 224.

** Letter from BAT of London to BAT of Shanghai, Feb. 1924. BAT Files, 10th (D), p. 1.

*** BAT Files, 14th (D), pp. 71-149; 14th (E), p. 28.

Creating all kinds of compradors was an important factor for BAT to gain its monopolist position in China and exploit the Chinese people. It also served as an important means whereby imperialism forced China to become, step by step, a semi-colonial, semi-feudal society. As Chairman Mao pointed out: "The imperialist powers have established a network of comprador and merchant-usurer exploitation right across China, from the trading ports to the remote hinterland, and have created a comprador and merchant-usurer class in their service, so as to facilitate their exploitation of the masses of the Chinese peasantry and other sections of the people." ("The Chinese Revolution and the Chinese Communist Party")

IV. Establishing a Powerful Monopolist Position from Production to Supply and Marketing

Tobacco is the principal raw material for making cigarettes, generally accounting for about 50 percent of the production cost. To control the supply of the raw material, BAT, with its strong financial resources, set up closely coordinated purchasing networks and large tobacco curing plants in various major tobacco growing regions in our country. By colluding with the landlord and comprador classes, BAT used usurious loans to hitch tobacco growers tightly to the Company's procurement networks. Prior to the anti-Japanese war, the amount of tobacco purchased by BAT made up approximately 60 percent of the aggregate output of tobacco in our country's major producing areas, with as much as 90 percent in some localities.* As the sole purchaser, BAT was in virtual control of the purchasing prices of tobacco grown in China. In every purchasing season, the prices quoted by BAT at various tobacco growing areas were the purchasing prices for that year, prices tobacco growers had to accept. "Monopolizing the most important source of raw material has greatly strengthened the power of big capital." ("Imperialism, the Highest Stage of Capitalism") BAT's control over tobacco purchases assured it of supply of fine and cheap raw materials, thereby greatly strengthening its monopolist position.

In respect to production, BAT was similarly in a predominant monopolist position. Commenting on the American tobacco trust, Lenin stated that since its inception the tobacco trust "has purchased all invention patents having more or less to do with tobacco processing for an enormous sum of money." ("Imperialism, the Highest Stage of Capitalism") BAT's operations in China were no exception. When it acquired the American Tobacco Company's P'utung plant in 1902, it stipulated in the purchase agreement the inclusion of the right for the exclusive use in China of the Bonsack cigarette machine, an advanced production equipment of that factory, as one condition of purchase.** With steady expansion in the scale of production, BAT successively set up

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* BAT Files, 14th (I), pp. 168-208.

** Letter from the British public floatation firm to Frank (弗朗), Managing Director of American Tobacco. BAT Files, 13th (C), p. 173.

eleven cigarette plants in Shanghai, Hankow, Tsingtao, Tientsin, Harbin, Yingkow, Shenyang and Hong Kong. On the eve of the anti-Japanese war, these plants boasted a total of more than 600 sets of cigarette making machinery. By contrast, the machinery and equipment of Chinese cigarette manufacturers lagged far behind. On the eve of the War of Resistance, the amount of cigarette making machinery of all (44) Chinese manufacturers in the Shanghai area, where the tobacco industry operated by national capital was most concentrated, was only 79 percent of that of BAT.* Moreover, most of the equipment was old and out-moded. In view of the big gap in production capacity, it was naturally quite difficult for Chinese cigarette manufacturers to compete with BAT. Since foreign penetration of the China market at the turn of the 20th century, BAT's production capacity vis-a-vis the local manufacturers had all along been in the lead. According to the Company's own production statistics, its total cigarette output from the 1920's to the 1940's on the average comprised approximately 60 percent of the aggregate cigarette output of the whole country.** This established an unshakable monopoly for BAT. In defending the penetration of China by foreign capital, a Western bourgeois writer wrote: "It would be most difficult to find in China any foreign enterprise whose output could reach 20 percent of the total output of the industry in which it is engaged."*** The writer claimed he was quite keen on "comparative study," but he forgot to take account of BAT's massive operations when he was prating about foreign capital's "beneficent" role in China. As a result, he arrived at a totally wrong conclusion in his rather incomplete "comparative study." It was nothing new for Western academic circles to talk rubbish about modern Chinese history to please the monopoly bourgeoisie. But what this writer bragged about without any factual basis and his hasty conclusion (creating a "20%" percentage figure!) was certain not clever "comparative study," but simply "stupid or slanderous" fabrication and distortion.

Monopoly organization always begins with scrambling for markets and results in total monopoly of markets. This is because only by monopolizing markets can they fully realize super-monopolist profits. BAT exerted stupendous efforts in this respect. In its internal communications, it explicitly stated that "no efforts will be spared to obstruct the development of competitors" and to "control the cigarette business in

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* Nanyang Historical Data, p. 255.

** BAT Files, 12th (B), p. 1-66.

*** Hou Chi-ming (侯繼明), "Alleged Oppression of Foreign Investments in China, 1895-1937," Asia Academic Journal, 1961, Vol. 20, No. 4, p. 437.

various parts of China."* This "obstruction" and this "control" were the means and end of its cornering the tobacco market. To attain this goal, it resorted to every conceivable means, economic or political, overt or covert, "civilized" or barbarous. In a nutshell, the following means were employed: First, through dealers to take over the market swiftly and penetratingly. Since BAT entered the China market in 1902, it pushed publicity and sales campaigns with vigor and in a few years cigarettes became quite popular on the market, penetrating even the hinterland provinces. BAT and its cigarettes were very much in evidence from the "border with Russia in the north to the Tibetan boundary in the west."** In 1907 the "Pirate" went deep into the heartland of Szechwan.+ Due to vigorous sales drives pushed by the comprador dealers, the results achieved were even more significant in provinces south of the Yangtze River and in Central China regions. No wonder that as early as 1918, the British Commercial Counselor in China persuaded BAT and other British firms to set up comprador dealers agencies in localities outside the treaty ports.++ Second, establishing exclusive marketing networks. All BAT dealers were bound by contract not to market the products of other cigarette manufacturers. Therefore, where BAT could penetrate, Chinese-made cigarettes could find no outlet at all. In 1907 when Sheng Hsüan-huai's cigarette factory was forced out of the market by BAT, he deeply felt that the exclusive marketing system was BAT's "most ruthless means." He said: "Once the contract is signed, the dealer can only sell the cigarettes of foreign firms and not those made by Chinese manufacturers. All other cigarette distributors operating in either treaty ports or the hinterland are captured by that company."+++ Seven years later, when the Nanyang Tobacco Company competed with BAT, it fared even worse, for the exclusive bulwark had penetrated the retailers. By the late 1920's, BAT's two major dealers, 84 sub-dealers and 1,200 retailers in

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* "Points To Be Noted by Those Responsible for Sectors," BAT Files, 13th (D), p. 97.

** BAT Monthly, (Chinese ed.) published by BAT in China, Sept. 1, 1923, pp. 39-115.

\+ Comrade Kuo Mo-jo in "My Childhood" (1892-1909) said: "When the flood of machine-made products flowed to Chiating, the so-called 'Pirate' cigarettes of Ta Ying (大英 Great Britain) Tobacco Company also came to our city in the company of its big brother, Mr. Opium." (Collection of Literary Essays of Mo-jo, Vol. IV, pp. 99-100) Note: When BAT acquired the P'utung tobacco plant of the American Tobacco Company in 1902, it renamed it Ta Ying Tobacco Company in 1905. Chiating, also known as Loshan, is located on the upper reaches of the Min River, the heartland of Szechwan.

++ Memorandum on talks of the British Commercial Counsellor to China with BAT and other British concerns, Oct. 1918. BAT Files, 13th (C), p. 50.

+++ Letter from Sheng Hsüan-huai to Tsai Tse, Minister of Finance, et al, 8th day of the 11th moon of the first year of Hsüant'ung (1909). Unpublished Manuscripts of Sheng Hsüan-huai's Correspondence, p. 199.

Tientsin virtually controlled the entire cigarette market in the city.* In regions south of the Yangtze River, BAT used "subsidies as bait" to lure cigarette retailers into selling only BAT brands.** When such exclusive networks of marketing and distribution encompassed the retailers, the outlets of Chinese cigarette manufacturers were sealed off. Third, marking down prices to competitive levels was a means most commonly employed by monopolies to hit at their rivals. BAT would in these circumstances produce a new brand of cigarettes of fairly good quality to compete with the more popular brands marketed by Chinese manufacturers, and sell it at a lower price (sometimes marking down the prices by 50 percent). Where competition was very fierce, BAT would give away gifts (including gold rings, piecegoods, umbrellas, soap, towels, calendars, pictures, etc.) to smokers of its cigarettes. This sales drive would be pushed with vigor until BAT's rivals were driven out of the market. Sheng Hsüan-huai's Three Stars Cigarette Plant "suffered huge losses as a result of BAT's moves to cut down prices."+ If an "influential" Mandarin like Sheng came to such a pass, it wasn't surprising "the more than 20 big and small Chinese manufacturers all suffered losses and closed their plants."++ Since the Chinese manufacturers were weak financially, they often collapsed under the impact of BAT's price cutting. For instance, the "San Hsien brand" produced by Huach'eng Tobacco Company in 1934 was quite popular in the T'angshan area. BAT countered by dumping on the same market its "Chess brand" with its selling price reduced from 81 yuan to 60 yuan a case and a gift of 200 pieces of soap accompanying every case sold. In less than two weeks, the "San Hsien brand" disappeared from the market.+++ Fourth, taking advantage of trade marks to strike at Chinese cigarette manufacturers. Although BAT introduced only dozens of brands of cigarettes in actual sales, it registered with the reactionary Chinese government more than 800 brands complete with names, designs and trade marks for the purpose of cornering the market. Through succeeding years, it instituted legal proceedings against Chinese manufacturers for copying or infringing its "registered" trade marks. To this end, BAT

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* Business report of BAT in Tientsin, May 27, 1929. BAT Files, 13th (B), p. 16.

** Letter from Chien Chao-nan in Nanking to Chien Yü-chieh in Hong Kong, Oct. 1916. Nanyang Tobacco Historical Data, p. 70.

\+ Letter from Sheng Hsüan-huai to Tsai Tse, Minister of Finance, et al, 8th day of 11th moon of first year of Hsüant'ung (1909), Unpublished Manuscripts of Sheng Hsüan-huai's Correspondence, p. 188.

++ Ibid.

+++ The Tientsin Cigarette Factory: Brief History of Tientsin Ichung Tobacco Company, 1962 mimeographed ed., p. 10.

planted "spies" in the Kuomintang Bureau of Trade Marks, offering it bribes on a monthly basis. These "spies" would copy down the names and designs of trade marks submitted to the Bureau by the Chinese manufacturers for registration and pass them on to BAT's legal department for examination. On BAT's recommendations, the Bureau would "try its best to reject the applications for registrations." The "spies" also passed on to BAT copies of the Bureau's minutes of meetings and other classified documents so the tobacco company could get hold of inside information and file legal proceedings against the Chinese manufacturers.* Under protection of consular jurisdiction, BAT would "often flagrantly search and ransack stores in the hinterland under the pretext of checking forged brands and turn over the culprits to the local yamen for punishment. Although the local officials were aware of the grievances of the Chinese merchants, they were awed by foreign influence and dared not argue back. Consequently, fines were imposed without adequate evidence. Chinese sovereignty was impaired and the Chinese people were wronged. Yet nothing could be done about it."** Nanyang Tobacco Company enjoyed good sales of its "White Crane" and "Three Happiness" brands in South China and Hong Kong, and it was twice indicted by BAT for "imitation." It was forced to "burn 2,000 cases of these cigarettes in front of the magistracy (in Hong Kong)" and to "publish a statement admitting infringement in Chinese and English newspapers." Moreover, it was forced to take back all the printed trade marks and destroy them.*** The right to have trade marks registered is a kind of bourgeois rights, but when this was applied by the monopoly bourgeoisie to the semi-colonial, semi-feudal China, it took on the characteristic of colonialism, that is, bullying the weak by the strong. Fifth, dealing blows at the hand-made cigarette industry. Because hand-rolled cigarettes cost less to make, could be produced in widely scattered places, and had a definite technological base, they tended to obstruct BAT's marketing plans. In the 1930's, the hand-rolled cigarette industry in Honan at one time challenged BAT. To dominate the tobacco market, BAT therefore spared no efforts to strike at China's hand-rolled cigarette industry, apart from strangling the national cigarette manufacturing industry. In some areas, BAT even regarded the hand-rolled cigarette operators as its major "enemies." In 1926, Kirbes (柯布斯), BAT's responsible official, said: "BAT's real formidable adversary in Kwangtung is not Nanyang Tobacco Company but the home-made cigarette industry. Without weakening this

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* BAT Files, 13th (J), pp. 66-102.

** Letter from Sheng Hsüan-huai to Tsai Tse, Minister of Finance, et al, 8th day of 11th moon of first year of Hsüant'ung (1909). Unpublished Manuscripts of Sheng Hsüan-huai's Correspondence, p. 199.

*** Letter from Chien Chao-nan in Hong Kong to Wang Shih-jen in Shanghai, Aug. 1915. Nanyang Tobacco Historical Data, pp. 73, 74.

industry, there is no way for our Company to increase its sales significantly in Kwangtung."* Although the hand-rolled cigarette operators were widely scattered, they could not escape being spotted by BAT's countrywide chain of dealers. Once discovered, they would be removed by every conceivable means -- price cutting, charging for forgeries, secret reports to revenue offices. Cigarettes locally produced in Chiangmen, Kwangtung, not only enjoyed good sales in the country, but were also exported to Southeast Asia. However, under the blows dealt by BAT, the locally run operations collapsed in no time.** One hand-rolled cigarette workshop in East China was first accused of copying the letter type of a BAT trade mark and was forced to change the type; then it was accused of imitating the trade mark pattern and forced to change, and finally it was accused of copying the color of the packaging paper. In the end, this workshop went bankrupt because of the heavy litigation expenses.+ The Chinese hand-made cigarette industry had already developed at the time of BAT's intrusion into the China market. In 1900, hand-rolled cigarettes produced in Ich'ang were sold in Shanghai; the following year, hand-rolled cigarettes in Chungking replaced locally made cigars on the market.++ Under normal conditions, the development of handicraft workshops was a prelude to the transition to the capitalist mode of mass production by machinery. However, in semi-colonial, semi-feudal China, as a result of penetration by foreign capital, the development of these hand-rolled cigarette workshops was stifled before the shift to machinery could be made. Sixth, takeover and merger. From the day BAT penetrated the China market, it had been engaged in the "big fish devouring small fish" acquisition activities. After buying the Japanese merchant Ts'un-ching (村井) and the Russian merchant Lao-pao-to (老巴夺), it turned to Chinese cigarette operators. Both the Fuch'ang Tobacco Company and the Tach'ang Tobacco Company in our country at one time posed stiff competition to BAT. However, both were taken over by BAT and disappeared.+++ The Nanyang Tobacco Company on numerous occasions had also been the object of BAT's takeover and merger attempts. Because politically and economically the Chinese national bourgeoisie was

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* Letter from Chiang K'ung-yin to Warf (华尔弗) of Shanghai BAT, Apr. 1926. BAT Files, 26th (B), p. 213.

** "Fifty Years of the Tobacco Industry in Chiangmen," Data of Literary History of Kwangtung, No. 20, pp. 33-62.

\+ BAT Files, 13th (K), p. 120.

++ Historical Data of China's Modern Handicraft Industry, edited by P'eng Tse-i. Published by China Press, 1962, Vol. 2, pp. 339, 440.

+++ BAT Files, 13th (K), pp. 1-64.

weak, the Chinese cigarette manufacturers often looked upon BAT's takeover or merger bids as "a keenly sought-after opportunity." They dreamed of sharing the leftovers under the wings of foreign monopoly capital.*

Through such means of "obstructions" as described above, BAT succeeded in achieving the goal of "controlling cigarette operations in various part of China." In the decade (1931-41) before the outbreak of the Pacific war, its turnover comprised two-thirds of the aggregate turnover throughout the country (including Northeast China). The ratios even reached 90 or 100 percent in certain regions (such as, for example, Shansi in 1931, Szechwan in 1932, and Honan in 1938).** Thus, the Chinese cigarette market was almost entirely under BAT's domination.

The national cigarette industry which appeared at the same time as BAT entered the China market at the turn of the 20th century travelled a tortuous path for several decades, and by the time the War of Resistance broke out, its total capitalization was only one-twenty-thirds of that of BAT, which was insignificant indeed.+

Historical facts clearly show that oppression by foreign capital stalled the development of the cigarette industry run by Chinese national capital. As Chairman Mao pointed out: "The imperialist powers operate many enterprises in both light and heavy industry in China in order to utilize her raw materials and cheap labor on the spot, and they thereby directly exert economic pressure on China's national industry and obstruct the development of her productive forces." ("The Chinese Revolution and the Chinese Communist Party")

V. Brutally Exploiting the Workers and Peasants and Grabbing High Monopoly Profits

BAT once bragged about its "considerateness" toward Chinese workers.++ In reality, its brutal exploitation of the workers was rare among enterprises, Chinese or foreign. When BAT first penetrated into China in 1902, it hired a hundred-odd workers. By 1912, the number had gone up to over 7,500 and by 1925 a work force of more than 25,000 had developed. To step up exploitation, it hired large numbers of children and women as workers. According

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* Nanyang Tobacco Historical Data, pp. 106, 107.

** BAT Files, 13th (A), pp. 128-136.

\+ According to 1935 and 1936 estimates, the total capitalization of Chinese-operated cigarettee factories was 19,900,000 yuan, while that of BAT was 461,790,000 yuan. Shen Pao Yearbook (1935); North China Despatch, Feb. 4, 1936.

++ Brief Outline of Business, pp. 20, 22.

to the statistics of 1924, child labor employed by the company at the time amounted to roughly one-third of the total work force, with the number of children employed in Tientsin and Shenyang plants more than half of the total work force.* The youngest child workers were only eight or nine years old. Because of their age and height, they had to stand on benches, working 12 hours a day and earning less than half of what the adults got. The latter's wage was also meager. Prior to 1920, when rice was selling at 7-8 yuan per picul, the daily wage of most workers was less than 20 cents. The daily wage went up to 30 cents before 1930, when rice was selling at more than 10 yuan per picul. Even at this meager pay, the workers were subjected to exploitation by the compradors and foremen at every level of control. Wang Wei-chou, comprador at the P'utung plant, made a practice of forcibly deducting the workers' pay on pay day by withholding change or taking advantage of dollar exchange differences.** What BAT then practiced was typical of the wage system in force in colonies. In fixing wage scales, the gaps between Chinese and foreign employees were considerable, implicit in racial discrimination. The exploitation of Chinese staff and workers was particularly serious. For example, the monthly wage of Chinese workers in September 1941 was about 70 yuan (with rice quoted then at over 150 yuan per picul). Yet in the corresponding period, foreign employees were paid several thousand yuan a month, with senior foreign executives getting as much as over 10,000 yuan. After the victory of the anti-Japanese war, foreign staff was each given US$10,000 as "consolation money," while Chinese workers were paid, in terms of the equivalent price of rice, only one-fifth of what they received before the war of resistance against Japan.***

To prevent workers' "slow-down" and resistance, BAT laid down innumerable factory rules and regulations to oppress the workers, forbidding the workers to talk during working hours, to visit each other between workshops or even to go to toilet more than necessary. Prior to the "May 30" movement, child workers in the Shanghai plant, when going to toilet, had to get "permit cards." Yet there were only four or five such permit cards in a workshop of several hundreds. Toilets for adult workers were closed every other hour to discourage users. In addition, the foreign capitalists laid down numerous harsh penalties. Even after the "May 30," foreign employees and foremen often beat up the workers on the slightest pretexts. In 1926, the workers of the Hankow plant were tortured by the factory management because they defied foreign capitalist exploitation. As a result of rough treatment and manhandling, some workers

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* BAT Files, 26th (C), pp. 14-27. Fifty Years of Combat -- History of Struggle by Workers of No. 1 Shanghai Cigarette Plant, 1960, Shanghai, pp. 1, 10.

** Survey by the Shanghai Workers Movement Committee: "Record of Speeches by Chu Fa-ch'üan," (June 12, 1958).

*** BAT Files, 32nd (B), p. 152.

were mortally injured while some women workers "were so badly maimed by clubs that their leg bones were broken" and became crippled.* Due to lack of labor protection, accidents in which workers lost their arms or fingers occurred from time to time. Once the workers became disabled as a result of industrial accidents, they were kicked out by the capitalists.** To bring the workers in line, the foreign capitalists frequently resorted to "hunger discipline" such as stopping salary payments and dismissal, so they could squeeze as much as possible from the wage labor. Fearing that applying for more and longer leave of absence could prejudice their continued employment, some pregnant women workers were even forced to give birth in the toilet or in the street. One woman worker in the Shanghai plant had to give birth while aboard a sampan on her way home, and she called her new-born baby "Little Sampan," a name that carried poignant connotation for this offspring of the working class!***

BAT often gave publicity to its "attractive wages."+ In 1922, it told the British Consul General in Shanghai of BAT's efforts to provide its staff with a higher wage level in the industry.++ Lies cannot cover up the facts, and no amount of bragging could obliterate BAT's cruel exploitation of the workers and its high rate of profits. The rate of profit is generally determined by the rate of surplus value, by the organic structure of capital and other factors like the degree of economical use of invariable capital and the speed of capital circulation. Citing its outmoded machinery and equipment in comparison with BAT, the Nanyang Tobacco Company pointed out that BAT, "by employing the latest and most efficient cigarette making machinery and accessories, is therefore able to cut down the cost of raw materials and losses from waste."+++ The application of "the latest and most efficient machinery" made it possible for BAT plants to raise the rate of labor productivity above that of its competitors and make the value of its products lower than social value. Consequently, compared with national capital, it deprived the workers of

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* "Telegram of All-China Council of Trade Unions Supporting the Workers of the Hankow BAT Plant." Historical Documents of Chinese Trade Unions, 1958, Peking, Vol. 1, p. 242.

** Brief History of State-operated Tsingtao Cigarette Factory, 1959, mimeographed ed., pp. 67-68.

*** BAT Files, 28th (C), p. 15.

\+ Brief Outline of Business, p. 20.

++ Letter from Ross of Shanghai BAT to the British Consul General Pater (白特), Dec. 22, 1922. BAT Files, 30th (B), p. 20.

+++ Letter from the Jakarta Office to the Hong Kong Office, July 13, 1933. Nanyang Tobacco Historical Data, p. 415.

their extra surplus value. At the same time, advanced production equipment assured that "the cost of raw materials and losses from waste are reduced." In this way, invariable capital could be more economically used. On top of this, cornering the market in turn created conditions for accelerating the speed of capital circulation.* All these enabled BAT to maintain its high rate of profit under the condition of possessing a higher organic capital structure. Let us compare BAT's "Ruby Queen" with Nanyang Tobacco Company's "Little White Golden Dragon," both popular brands with fairly identical specifications (September-December, 1936): The exploiting rate ($\frac{M}{V} \times 100$) for the former per unit ("case" of 50,000 cigarettes) was 3,058.6 percent, while that for the latter 1,510 percent. The former's rate of profit ($\frac{M}{C+V} \times 100$) was 162.2 percent, while the latter's was 57.3 percent.** Whether foreign or Chinese, capitalists are all profit-seeking vampires. They will try their utmost to squeeze the workers and pursue the highest profits and in this they are no different from each other. In competing with foreign capital, the national bourgeoisie were at a disadvantage and therefore had to step up their brutal exploitation of the workers in order to maintain their high profits. However, while cruelly exploiting the workers, BAT enjoyed special privileges (such as protection of unequal treaties, predominant position, increasingly expanding scale of production, and the use of advanced machinery and equipment), enabling it to obtain extra surplus value and from it super profits. This is the fundamental reason why it was able to grab huge profits and rapidly accumulate its capital. As far as the workers were concerned, they remained perpetually in the tragic condition of "not being able to live on their wages because of the rising prices of rice and firewood,"*** in the words of the striking workers of the BAT printing plant in 1919.

Where there is oppression, there will be resistance. Steeped in glorious revolutionary tradition, the Chinese working class waged valiant

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* Judging by the ratio of borrowed capital (comparison between external debts and pre-paid capital), BAT was also in a far superior position. According to the 1936 statistics, the ratio of borrowed capital of Chinese and foreign tobacco companies of a representative nature was as follows: BAT, 4.3 percent; Nanyang Tobacco Co., 29.4 percent, and Huach'eng Tobacco Co., 58.8 percent.

** For the data on "Little White Golden Dragon," see also Nanyang Tobacco Historical Data, p. 287. The data on "Ruby Queen" was follows: Net income per unit ("case") was (P) = 269 yuan; invariable capital per unit was (C) = 107.20 yuan; variable capital per unit was (V) = 5.98 yuan, and surplus value per unit was (M) = 182.91 yuan. Calculations as found in BAT Files, 6th (E), pp. 1-111.

*** Kuo-min Jih-pao /Republican Daily/, Apr. 6, 1919.

and unyielding struggles against foreign capitalist oppression and exploitation. From 1918 to 1932, forty massive strikes were called by BAT workers in Shanghai alone,* dealing heavy blows to the monopoly capitalists and forcing them to lament that "foreigners have no way to deal with the Chinese people's organized struggles."** They said with apprehension: "We are faced with an extremely serious situation."+ These well-known labor struggles added an immortal page in the history of the Chinese people's anti-imperialist, patriotic struggle.

In the imperialist stage, the surplus value created by the workers of monopolistic enterprises was not the only source of super monopolistic profits. The exploitation of small producers, particularly peasants, also constituted an important part of super monopolistic profits. Compared with other foreign concerns in China, direct exploitation of peasants in hundreds of millions was an important characteristic of BAT's predatory activities. To preserve supply of fine and cheap raw materials, BAT introduced in successive stages the growing of American tobacco in Hsüchang of Honan, Fengyang of Anhwei and Weihsien of Shantung. Growing American tobacco called for the expenditure of huge labor power, requiring production expenses many times or even a dozen times those for growing other food crops. So, the usurious capital of the comprador and landlord classes took the opportunity to move in. According to surveys conducted in 69 typical tobacco growing villages in 1934, 91.6 percent of the usury was in the hands of landlords and rich peasants.++ The loan interest was striking, being generally about 45 percent for a period of six to ten months. Heavily exploited by the usurers, the tobacco growers placed their only hopes on BAT's purchases. When the purchasing season arrived, tobacco growers from all parts of the country would travel scores or even hundreds of miles to BAT's purchasing centers, often braving the rigors of the elements and queuing up for several days and nights before they could get to the entrance. There, the doorkeepers would demand "admission fee." This was followed by another hurdle -- examining of the quality of tobacco and determining of grades by foreign inspectors; the tobacco growers were not permitted to haggle. The next hurdle was weighing. When the tobacco was weighed, the company would often deduct 10-20 percent from the scale on the ground that the tobacco leaves contained impurities or excessive

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* Strikes and Work Stoppages in Shanghai Over the Last 50 Years, 1933, Shanghai, pp. 17-18.

** Letter from Ross in Shanghai to Jeffries of London Head Office, Apr. 30, 1922. BAT Files, 10th (G), p. 29.

\+ Letter from Ko-jui-ssu-ch'in (克瑞斯勤) in Tientsin to Ko-sen-ssu (柯森斯) of Shanghai BAT, June 26, 1925. BAT Files, 26th (B), p. 491.

++ Ch'en Han-sheng, op. cit., pp. 66-67, 48-51.

moisture. In addition, the vendors had to "offer" 10 percent kickback to the comprador who attended to the weighing. The final hurdle was the payment counter. The cashier, in this case a comprador, would normally deduct 4-9 percent or even 25 percent from the payment according to the exchange rate differential as kickback.* After coming through these man-eating passes, what the tobacco growers finally got was quite small.** But waiting at the exit of the purchasing center were the usurers to collect loan payments.

Another means used by BAT to exploit the tobacco farmers was forcing down the purchasing price by virtue of its monopolistic position. According to statistics, the price of tobacco per pound in Shantung dropped in 1934 from 50-60 cents to 10 cents, while that in Hsüch'ang likewise dropped steadily from 80 cents to 8 cents or even less.+ Harassed and hackled by the sole purchaser and usurers, the tobacco growers had to sell their crops, harvested after a year of sweat labor, at cheap prices even if they knew the prices had been forced down by the foreigners. In the end the farmers often went broke. In 1935, a tragedy occurred in which the father, the son and the son's wife were driven to desperation because BAT forced down tobacco prices while the usurers would not relent in demanding repayment of loans that were due. In 1937, several cases of suicide involving desperate and bankrupt tobacco growers also occurred in Weihsien, Shantung.++ As Marx pointed out: The capitalists are insatiable in their desire to exploit the laboring people and pursue profits. "The vampire will not stop 'as long as there is still a piece of meat, a bit of sinew and a drop of blood'." (Capital) BAT amassed wealth in terms of billions out of the bones of hundreds of millions of Chinese peasants. Chairman Mao pointed out: While turning China into a market for their industrial products, the imperialists "make China's agricultural production subordinate to the needs of imperialism." Under the twofold oppression of imperialist and feudal forces, "the Chinese people, and particularly the peasants, have become more and more impoverished and have even been pauperized in large numbers, living in hunger and cold and without any political rights." ("The Chinese Revolution and the Chinese

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* Ibid.

** According to investigations in Weihsien, from 1919 to 1934, proceeds received by peasants from their tobacco sales represented only 45-71 percent of the local market price after a series of deducations; in Honan, from 1929 to 1934, the proportion of the actual income of the peasants was even lower, representing only 12-58 percent of the tobacco price. Ch'en Han-sheng, op. cit., p. 51.

\+ BAT Files, 14th (H), pp. 76-104.

++ "The History of Blood and Tears of Tobacco Growers in Hsüch'ang," Jen-min Jih-pao, Jan. 24, 1951. Ch'en Han-sheng, op. cit., p. 58.

Communist Party") BAT made China's agricultural production subordinate to its needs and increased its huge monopolistic profits at the price of reducing the Chinese peasants to total bankruptcy!

By brutally exploiting the workers and peasants, BAT exacted staggering profits from the Chinese laboring people. When BAT set foot on Chinese soil in 1902, it bought the American Tobacco Company's P'utung plant, including raw materials and inventory for 190,000 taels of silver. This amount was equivalent to about US$120,000 at the exchange rate which prevailed at the time, representing its initial actual investment in China. On the eve of the anti-Japanese war, its total assets (excluding goodwill) were valued at 288,440,000 yuan or the equivalent of US$84,800,000.* In 30-odd years, the value of its total assets went up by 706 times. The rapid rise in the value of its total assets was attributable to its exploitation of the Chinese people and the acquisition of super profits. From its inception in 1902 to the year prior to the outbreak of the Pacific war, the total amount of profits reaped by BAT reached 1,489,510,000 yuan, more than treble its book value in 1935, which was 461,790,000 yuan (or £34 million at the then rate of exchange).** As a matter of fact, distributed net profit from 1934 to 1940 alone amounted to £38 million, already in excess of its capital of £34 million in 1935. BAT said hypocritically that when it came to China "it realized at the very outset how important it was to introduce modern industry to a country such as China."+ How merciful! Its penetration into China was aimed at none other than "bringing modern industry to China"! Historical facts punctured their lies. BAT was established for the explicit purpose of pursuing super profits. This goal was fully achieved after decades of barbaric plunder in China. Monopolistic profits obtained by BAT in colonies and semi-colonies far exceeded what it could earn in its own country. In the three decades prior to 1941, the profits made by the three major American tobacco companies averaged 11 percent of their sales, while the profits from BAT's sales in China during the corresponding period averaged 43 percent.++ The average annual dividend rate of Ichung Tobacco Transportation and Marketing Company, a subsidiary of BAT, for 1937-1939 amounted to as high as 53.7 percent, while

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* Figures of profits, rate of reinvestment and capital remittances were based on estimates in BAT Files. See also Chang Chung-li (張仲礼), The Question of Profit of Imperialist Investments in Old China (manuscripts).

** BAT Files, 6th (A), pp. 35-75.

\+ Brief Outline of Business, p. 97.

++ Adams, Structure of American Industry, 1955, New York, p. 344. BAT Files, 6th (E), pp. 52-69.

that of British and American corporations prior to World War II was only 8 percent in their countries.* Thus, the former surpassed the latter by nearly six times. Moreover, the dividend distribution rate of BAT, which had the China market as its mainstay, even surpassed that of its parent company -- the Imperial Tobacco Company. The former's rate was 20 percent in 1932-1937, and the latter's 15 percent for the corresponding period.** As Lenin pointed out: "The gain from capital export likewise promotes the plunder of colonies, because on the colonial market it is easier (sometimes even possible only on the colonial market) to use monopolistic means to eliminate competition." ("Imperialism, the Highest Stage of Capitalism") As monopoly capital engaged in colonial-style plunder in China, BAT vastly increased its profits.

Where did these profits go to? Like a thief who closed his ears while the bell was ringing, BAT said: "The greater portion of profits over the years was reinvested in China. ....The amount of reinvestment far exceeded its remittance."+ This was a stark lie. The rate of reinvestment of BAT's profits was relatively high in the first decade (1902-1912) of its inception, but in the 30 years from 1912 to 1941, it was only 7.2 percent, the greater portion of the profits having been remitted abroad. Concealing and remitting profits had been a tactic consistently practiced by foreign enterprises in China. As an international trust, BAT found it particularly convenient to have its profits remitted out of China and did so openly. For instance, some brands (such as "Three Castles" and "Ruby Queen") were made in China, but on the pretext that the "trade mark right" belonged to the London Head Office, BAT claimed it must remit to the Head Office 25 percent of the profits gained from these brands as "trade mark franchise fee" and 10 percent as "manufacturing allowance."++ In the seven years from 1934 to 1941, it remitted to London £1,300,000 as company expenditure under the heading "trade mark franchise fee" and "manufacturing allowance." In the seven years from October 1934 to October 1941, BAT remitted from its profits £13 million and US$25 million respectively under various excuses. According to the books, the total amount of profit remittances from

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* Wu Ch'eng-ming (吴承明), Imperialist Investments in Old China, 1956, Peking People's Publishing House, p. 84. BAT Files, 6th (C), pp. 1-15.

** The Baney (巴内) Company, The Tobacco Industry, 1934, New York, pp. 30-31.

\+ Brief Outline of Business, p. 26.

++ The 25% "trade mark franchise fee" was laid down in a letter from Oppenheim (奥本汉) of London BAT to a Director Pai-chi-shih (柏赉士) in Shanghai, Aug. 21, 1940; the 10% "manufacturing allowance" was laid down in a letter from Dickerson (狄克生) of BAT's legal department to the confidential documents department, Aug. 27, 1930. BAT Files, 6th (F), p. 52; 6th (F), p. 41.

1902 to 1948 was the equivalent of about US$355,210,000, representing 92.8 percent of the total amount of profits. Could it be said "profit reinvested in China far exceeded its remittance"? Could it be said that foreign investments in China "are a factor contributing to China's modernization"?* As Lenin, commenting on the characteristics of imperialism, stated: "The 'civilized' world has increasingly become a parasite clinging to tens of thousands of uncivilized nations." The monopoly organizations "seize super profits in terms of millions and even billions and let hundreds of thousands of people of other countries 'carry them on their backs'," making the people of oppressed countries poor and broke to an unprecedented extent. ("Imperialism and the Schism of the Socialist Movements") Under the oppression of monopoly capital, the Chinese people were forced to perform uncompensated labor, which was all swallowed up by it. The profits exacted from China became their wealth. This is the real root cause of China's poverty and backwardness in modern times.

The history of BAT's penetration and plunder of China for a half century attests to Chairman Mao's thesis: "It is certainly not the purpose of the imperialist powers invading China to transform feudal China into capitalist China. On the contrary, their purpose is to transform China into their own semi-colony or colony." ("The Chinese Revolution and the Chinese Communist Party") The reactionary relations of production, stemming from imperialist collusion with the feudal landlord class and the bureaucratic, comprador bourgeois class, gravely fettered the development of the productive forces and caused China to remain for a long period of time in a semi-colonial and semi-feudal state of utter poverty and backwardness. Way back in 1923, Chairman Mao already revealed the substance of BAT's collusion with the reactionary government to plunder the Chinese people. ("Cigarette Tax," Guide, Vol. 1, No. 38) Later, he again penetratingly pointed out: "Without political reform, all productive forces are doomed to destruction. This is so with agriculture as well as industry;" "in semi-colonial, semi-feudal and divided China, many people have for years dreamed of developing industry, building up national defense, and bringing well-being to the people and prosperity and power to the nation, but all their dreams have been shattered." ("On Coalition Government") Such is the conclusion of history. However, the reactionaries at home and abroad, including old and

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* In recent years apologists of the monopoly bourgeoisie have constantly sold to the Third World what they cooked up as "China's experience," saying that foreign enterprises in old China maintained "a high rate of reinvestment," that foreign trade and foreign investments "are factors contributing to China's economic modernization," and so forth. See Hou Chi-ming, "Foreign Trade, Foreign Investment and Economic Development: China's Experience 1840-1937," carried in Economic Development and Cultural Changes, 1961, Vol. 10, No. 1.

new revisionist elements, vigorously preached the theory of "productive forces," vainly trying to lead the people of colonies and semi-colonies to the road of "destruction." At the turn of the 20th century, renegades from the proletariat such as Kautsky dished out the fallacy of imperialist "aggression is a merit" to meet the needs of imperialism. They did their utmost to preach the idea that colonies must go through capitalism before they could proceed to "civilization," requiring therefore imperialism to "foster the birth of capitalism"* in the colonies. Kautsky asserted that imperialist aggression in the colonies could "most rapidly promote the development of productive forces in various agricultural countries."** Bernstein openly declared that colonial people should be grateful to the "blessings of colonial aggression by European civilization."*** In taking over the mantle of their ancestors, revisionist elements and Trotskytes in China have spared no efforts to preach imperialist economic aggression. In the 1920's when class struggle raged fiercely at home, Liu Shao-ch'i rabidly extolled the penetration of China by international monopoly capital as "the basis for developing the 'material civilization' of the East." In the 1930's when Japanese imperialism stepped up its piece-meal encroachment against China, Ch'en Po-ta credited imperialist aggression with making the Chinese people "keep in touch with the civilized world" and "fraught with progressive significance" Using alarming phrases, he said imperialist aggression was responsible for China to "emancipate herself from stubborn silence." In the 1970's when China was struggling fiercely against imperialism and social-imperialism, Lin Piao and his gang sprang out and attempted to put China under the "protection" of ferocious social-imperialism, alleging he would "make the people rich and the country strong." At the important juncture when China's Fifth Five-Year Plan was about to commence, Teng Hsiao-p'ing, the chief backer of the Right deviationist wind to reverse verdicts, dished out "taking the three directives as the key link," pushing a capitulationist line of fawning on foreigners in the economic sphere. They sing the same tune as the spokesmen of the Western bourgeoisie and the foreign taipans of BAT, vainly trying to place China in or drag her back to the abyss of the semi-colonial and semi-feudal days to be enslaved and cut up by imperialism and social-imperialism. However, the Chinese people, following the Marxist-Leninist revolutionary line formulated by Chairman Mao, "use revolutionary methods to wipe out all reactionary forces lock, stock and barrel and persist unswervingly in overthrowing imperialism, feudalism and bureaucrat-capitalism." ("Carry the Revolution Through to the End") They have won brilliant victories for the people's revolution. The great proletarian cultural revolution smashed the plots of

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* Vanjikor (万一科尔), "Colonial Policy and Social Democracy," Historical Data of First and Second Internationals, Sanlien Bookstore, 1964 ed., pp. 118-119.

** Kautsky, Nation-States, Imperialist Countries and the League of Nations (1915 ed.), Sanlien Bookstore, 1963 ed., p. 74.

*** Bernstein, Socialism and Colonial Questions. Social Democracy and Colonies, Berlin Socialist Monthly Publishing House, 1914 ed., p. 59.

Liu Shao-ch'i, Lin Piao and associates to restore capitalism and go in for national betrayal and surrender, and shattered the unrepentant capitalist roader in the Party Teng Hsiao-p'ing's revisionist program of slavish comprador philosophy and the doctrine of trailing behind at a snail's pace. "The socialist system has promoted the rapid development of our country's productive forces." ("On the Correct Handling of Contradictions Among the People") At a pace never before heard of in history, socialist new China is advancing toward the grand goal of building a prosperous, wealthy, powerful and great socialist state. In the 1930's, an American bourgeois "authority" named Raymer (雷麦), who claimed to be a student of Chinese economic problems, predicted "it is an unrealizable dream for the communist movement to lead China's economic development." In his view, even if China "takes the road of communism," she had to beg the imperialists for investment.* Nearly 40 years have passed since Raymer made his prediction. By following Chairman Mao's teaching of "maintaining independence and keeping the initiative in our own hands and relying on our own efforts," socialist new China has stood like a giant in the East, without any indebtedness at home or abroad. This fact clearly shows that the dreamer was none other than Mr. Raymer himself.

In the wake of the victory of the Chinese people's revolution and coincident with the complete uprooting of imperialist aggressive influences, the "tobacco empire" of international monopoly capital entrenched in China for a half century has collapsed, gone for good. Having lost the vast China market, BAT's strongholds in other parts of the world have also shrunk, its days getting tougher and tougher. "He who grows old sees his hair turn grey, swept by the west wind. Butterflies worry lest flowers wither on the morrow. He turns his head and looks at the horizon. The sun is setting; only a few lonely crows can be seen." Isn't this a vivid portraiture?

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END

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* Raymer, Foreign Investments in China, 1933, New York, 1957 Chinese translation, p. 28.

** Chang K'o-chiu of the Yüan Dynasty, Graduation from the Hanli Academy: the 9th Day.

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